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**From:**

**Sent:** Thursday, April 16, 2009 2:24:34 PM

**To:**

**Cc:**

**Subject:** RE: Re: "no net value"

Hi

I told \_\_\_\_\_ that I would call you regarding your email below, but I wanted to send you a written response first.

I am in my office if you want to talk about this further; after today I am on vacation for a week, but \_\_\_\_\_ is the other reviewer on the nnv project.

You are correct - the requirement that net value be surrendered applies to reorganizations described in section 368(a)(1)(G). The only change that has been made to these regulations is that the continuity piece was finalized.

The way that this requirement plays out in a G reorganization is that, to the extent creditors receive stock in exchange for their obligations, these obligations are not "assumed" by the acquiring corporation. Hence, these liabilities do not decrease the FMV of the assets transferred. However, \_\_\_\_\_ is correct that if the liabilities are owed to the acquiring corporation and are extinguished in the transaction, these liabilities do reduce the net value surrendered.

If you want to discuss, my number is \_\_\_\_\_

I am at my desk until six.